



# **POLICY, ACCOUNTABILITY AND COMPLIANCE BRANCH**

**STRATEGIC PLAN  
2015—2019**

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## A MESSAGE FROM THE EXECUTIVE LEADERSHIP TEAM



The Policy, Accountability and Compliance Branch Executive Leadership Team is proud to present our 2015 – 2019 Strategic Plan. This Branch is an important member of the Employment Development Department (EDD) Team, performing necessary and critical functions in helping all programs succeed in fulfilling their missions. As a Branch, we are entrusted with collecting and reporting accurate and timely information, whether it is in the

form of an audit, compliance review, investigation, survey, research paper, or legislative analysis. In this capacity, EDD's Executive Leadership Team, our partner branches, and control agencies rely on our products to make critical strategic and financial decisions. Our products are also an essential tool used to implement changes that help improve our programs and services that are used by so many working Californians.

The following are just a few examples of how the Policy, Accountability and Compliance Branch's work products are used. Audits are an important instrument to identify where programs and processes can be improved to better serve our customers, meet our fiduciary responsibility for protecting State resources and assets, and ensure EDD follows the various laws and policies pertaining to government administration. Investigations are conducted to detect, deter, and prevent benefit fraud with the goal of protecting the financial integrity of California's Unemployment and Disability Insurance trust funds. Legislative analyses are developed to communicate the impact a proposed law would have on our customers and the programs administered by EDD.

The Policy, Accountability and Compliance Branch recognizes that EDD is one of a few State agencies that provides direct services to California citizens whether it is an unemployed individual seeking benefits, a worker seeking gainful employment, or a business that is fulfilling its tax obligations.

The EDD is charged with the responsibility of collecting billions of dollars in taxes, issuing billions of dollars in benefit payments, and overseeing millions of dollars in federal job training and administrative funds. Collectively, EDD's vision and mission is to help strengthen the economic vitality of Californians, while enhancing California's economic growth and prosperity.

The Policy, Accountability and Compliance Branch is committed to being an important member of the EDD Team by continuing to provide valuable products and services so EDD can fulfill its vision and mission, while providing innovative services that meet the evolving needs of our customers. This Strategic Plan will provide the Policy, Accountability and Compliance Branch team with the necessary direction and goals to help enhance our value as a member of the EDD team.

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# BRANCH ORGANIZATIONAL STRUCTURE

## INTRODUCTION



This section provides some background on the Policy, Accountability and Compliance Branch's roles and responsibilities, as well as key functions. The Branch provides objective policy direction, key audit, investigation, survey, evaluation, and review services to the programs administered by EDD and partnering agencies. These services help programs operate effectively and efficiently, meet federal and State

statutory and regulatory requirements, and protect the billions of dollars in financial assets that pass through EDD annually.

The Policy, Accountability and Compliance Branch has approximately 116 dedicated staff in 21 different classifications such as auditors, analysts, investigators, managers, and support staff. The Branch's annual budget is approximately \$8.6 million, which is used to finance the operations of two divisions and two offices.

## AUDIT AND EVALUATION DIVISION

The Audit and Evaluation Division provides value added services to the Director and executive management through consultation services; survey, research, and statistical analysis services; and audit and evaluation services of departmental programs and processes. These services assist EDD's leadership with making effective strategic and financial decisions to ensure that departmental operations are in compliance with federal and State laws and regulations, improve the economy and efficiency of day-to-day operations, and make policy decisions affecting EDD's future direction. The following is a brief description of the different entities that comprise the Audit and Evaluation Division.



**AUDIT SECTIONS** are comprised of the Information Technology and Enterprise Risk Management Section and the Program Audits and Investigations Section. These sections are responsible for



conducting state-mandated audits, program evaluations, and special and confidential studies/audits. They also conduct financial-related audits, information technology audits, performance and investigative type audits/projects, and Post Implementation Evaluation Reports for information technology projects. Finally, these sections coordinate external audit services and audit resolution to audit findings.

**SURVEY AND APPLIED RESEARCH SECTION** is responsible for providing services such as designing, administering and analyzing surveys, facilitating focus groups, statistical sampling, and evaluating EDD's programs. The Survey and Applied Research Section is a critical partner of the Business Intelligence Competency Center which has been formed to provide a centralized, manageable environment to gather, refine, store, analyze, interpret, and act upon information gathered in operational activities.



**ADMINISTRATIVE SUPPORT UNIT** is responsible for providing general clerical support and administrative services related to personnel, facilities, and equipment; coordinating and tracking audit findings for all external audits; reviewing the required Federal Single Audits; and coordinating the Merit Award Program as mandated by the California Department of Human Resources.

**COMPLIANCE REVIEW OFFICE** is primarily responsible for ensuring the Workforce Investment Act (WIA) programs are administered in accordance with federal and State laws, regulations, policy directives, and Office of Management and Budget guidelines. This office is responsible for conducting the onsite reviews of each of the 49 Local Workforce Investment Areas in the State of California and non-Local Workforce Investment Areas awarded WIA funding from EDD. These areas receive federal WIA funds that are used to provide various employment and



training services to adults, dislocated workers, and youth. This office also is responsible for resolving allegations or reports that a Local Workforce Investment Areas or its sub-recipient, which is an organization that provides services on behalf of the Local Workforce Investment Area, is not complying with the various program requirements. In 2015, this office will oversee the monitoring aspects when the new federal Workforce Innovation and Opportunity Act (Public Law 113-12) replaces WIA.

## INVESTIGATION DIVISION



The Investigation Division is responsible for conducting both internal and external criminal investigations to determine if fraud or embezzlement against EDD's benefit programs has been committed. The Division also works closely with partner agencies to prevent and identify employers who are engaging in underground economic activities by not following the required employment, labor, and tax laws. The Investigation Division staff

are located in six offices throughout the State that perform specialized functions. The following is a brief description of these functions:

**CRIMINAL INTELLIGENCE UNIT** is responsible for providing services that assist investigators in performing their duties. Staff analyze information and develop products that identify potential criminal activity that may warrant investigation. The Criminal Intelligence Unit also monitors EDD's Fraud Hotline and develops the Annual Fraud Deterrence and Detection Report.



**BENEFIT FRAUD UNIT** is responsible for investigating allegations of fraud against the Disability and Unemployment Insurance programs, including the Paid Family Leave program. This unit works closely with the Disability Insurance Branch in the investigation of fraud cases. This unit also works closely with the Unemployment Insurance Branch, and the United States Department of Labor, Office of Inspector General when conducting criminal investigations on major cases



involving Unemployment Insurance fraud, including fraud from identity theft, forgery, etc. Major Unemployment and Disability Insurance fraud cases are typically prosecuted in federal or local courts. Investigators in this unit work closely with the United States District Attorney's Office and County District Attorney's Offices throughout California in assisting with the successful criminal prosecution of individuals engaged in fraud schemes.

**INVESTIGATION SUPPORT UNIT** is responsible for providing key administrative services related to personnel transactions, facility maintenance, equipment procurement and control, peace officer training, budgets, law enforcement inquiries from various agencies, and legislative bill analysis.



**SPECIAL OPERATIONS UNIT** consists of internal affairs and threats and security investigators. The internal affairs investigators are responsible for investigating allegations of criminal and administrative misconduct by EDD employees and/or vendors. The threats and security investigators are responsible for EDD's crime prevention activities that promote employee safety in the workplace and investigate physical assault incidents and other acts and threats of violence against EDD employees, properties, customers, and vendors located on EDD property.



**TAX EVASION AND FRAUD UNIT** is responsible for investigating allegations of businesses that are not complying with the State's employment and payroll tax requirements. Businesses that engage in the underground economy fail to report wages and pay taxes used to protect California workers. Often businesses engaged in underground economic activity fail to follow various labor laws regarding minimum wage and worker conditions. The Tax Evasion and Fraud Unit works closely with the Tax Branch, other State agencies, local law enforcement, and County District Attorney's Offices in the enforcement and prosecution of businesses that violate the State's employment, labor, and payroll tax laws.



#### **LEGISLATIVE AND INTERGOVERNMENTAL AFFAIRS OFFICE**

The Legislative and Intergovernmental Affairs Office contributes to the vision of EDD and the Policy, Accountability and Compliance Branch through collaborative partnerships, at the federal and state levels, and through the provision of outstanding customer service. As principal advisor to the Director, the Labor and Workforce Development Agency, and EDD for policy issues, the Legislative and Intergovernmental Affairs Office develops State and federal legislative analyses and recommends departmental positions related to proposed legislation affecting EDD's programs.



**LEGISLATIVE ANALYSIS AND CONSTITUENT SERVICES** consists of legislative analysts responsible for identifying, tracking, and proposing all legislation that have a potential effect on EDD and its programs; and constituent analysts responsible for working with legislative staff in addressing constituent concerns. The legislative analysts represent EDD at meetings with legislative members and consultants, sponsors of proposed legislation, and at committee hearings on bills impacting EDD's programs and services.



## **MONITOR ADVOCATE OFFICE**

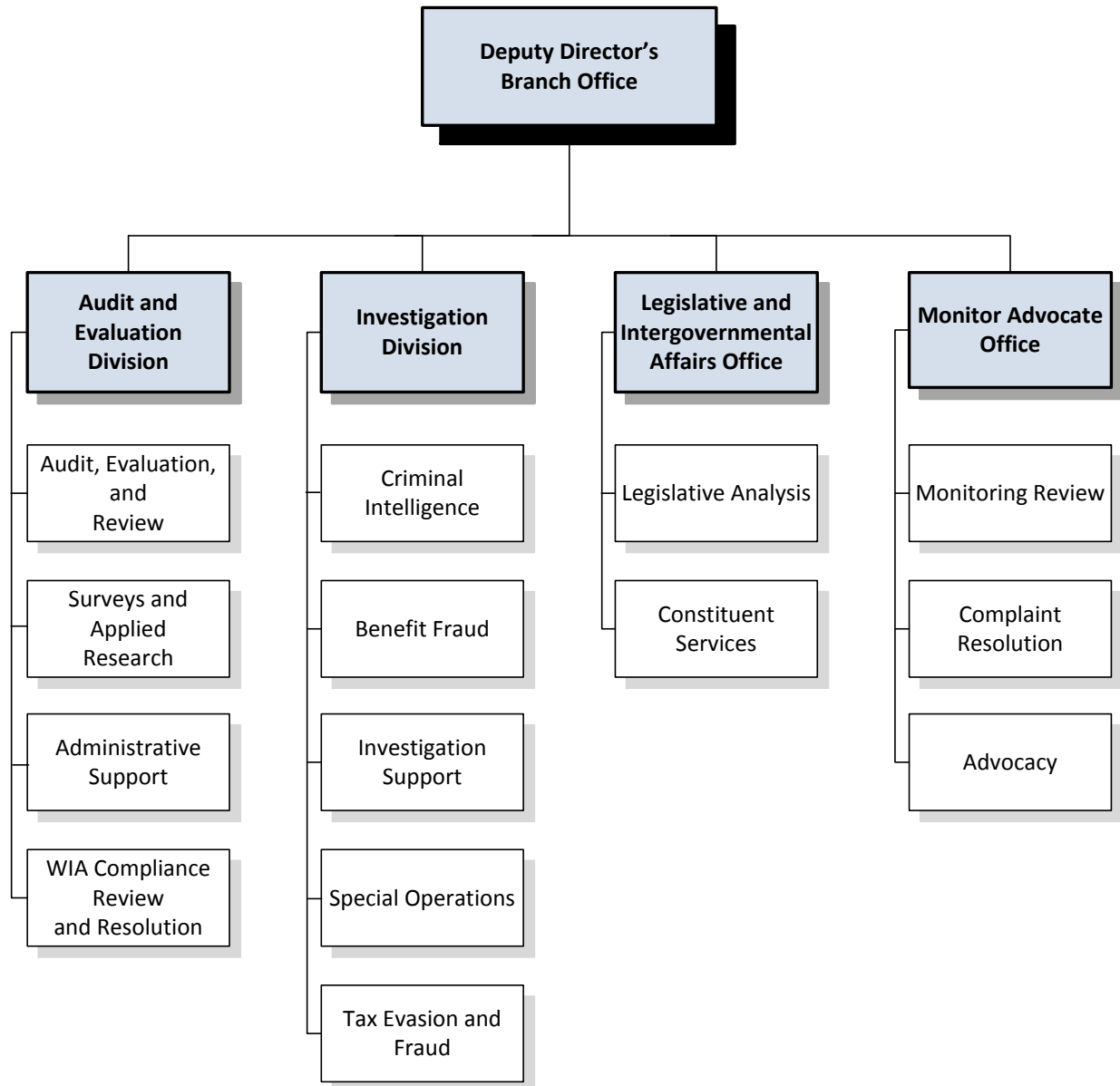
The Monitor Advocate Office is responsible for ensuring that Migrant and Seasonal Farm Workers receive equal employment services in both quality and quantity as all other customers. The Monitor Advocate Office consists of the Chief and three Monitor Advocates. The Monitor Advocate Office works closely with EDD's Workforce Services Branch, the United States Department of Labor, other states' monitor advocates, and non-profits that serve Migrant and Seasonal Farm Workers.

### **MONITORING REVIEWS, COMPLAINT RESOLUTION, AND ADVOCACY UNIT** is

responsible for conducting annual on-site programmatic reviews of EDD's 33 designated significant and special circumstance Job Service sites. The designated sites are those located in areas where the agricultural industry has a significant presence. The purpose of these reviews is to ensure that EDD's sites are complying with applicable federal and State laws and regulations when delivering employment services to Migrant and Seasonal Farm Workers. The Monitor Advocates also provide technical assistance to central and field office operations on federal and State regulations affecting Migrant and Seasonal Farm Workers and monitor the Job Service Complaint System. Each year, the Monitor Advocate Office conducts training to inform EDD and partner staff of the various requirements for serving Migrant and Seasonal Farm Workers.



## BRANCH FUNCTIONAL ORGANIZATIONAL CHART



## BRANCH BUDGET AND PERSONNEL YEAR LEVELS



Division/Office	PYs	Salary Budget	Operating Expenses and Equipment Budget	Sub Total
Audit and Evaluation Division	50	\$3,842,220	\$169,610	\$4,011,830
Deputy Director's Office	3	\$235,758	\$2,754	\$238,512
Investigation Division	53	\$3,253,237	\$214,812	\$3,468,049
Legislative and Intergovernmental Affairs Office	6	\$724,580	\$20,067	\$744,647
Monitor Advocate Office	4	\$188,612	\$10,679	\$199,291
<b>Grand Total</b>	<b>116</b>	<b>\$8,244,407</b>	<b>\$417,922</b>	<b>\$8,662,329</b>

## VISION, MISSION, AND SHARED VALUES



### VISION STATEMENT

The Policy, Accountability and Compliance Branch will assist the Employment Development Department's programs in providing valuable and innovative services, while safeguarding State and federal funds.

### MISSION STATEMENT

The Policy, Accountability and Compliance Branch supports the Employment Development Department's programs and services by providing timely, objective, and accurate information used to make strategic and financial decisions, maintaining the integrity of our financial assets, and ensuring a safe and secure work environment for our customers and employees.

### SHARED VALUES

- *Communication:* Sharing information and knowledge to assist the Department in achieving its commitment to "One Vision, One Team – EDD."
- *Empowerment:* Providing the resources, authority, knowledge, and encouragement to enable all to succeed.
- *Excellence:* Performing our duties to the best of our abilities and realizing our full potential.
- *Integrity:* Embracing personal accountability and ethical behavior when performing all aspects of our job.
- *Partnerships:* Working collaboratively with internal and external partners in pursuit of our mission and vision.
- *Professionalism:* Honoring individual diversity by always behaving in a professional and respectful manner.

## KEY CHALLENGES AND OPPORTUNITIES



### **WORKFORCE INNOVATION AND OPPORTUNITY ACT**

The Workforce Innovation and Opportunity Act which takes effect July 1, 2015, is the first legislative reform in 15 years of the public workforce system. The reform is considered significant as it consolidates 15 existing programs into one program that aligns with economic development and education initiatives. The consolidation of the existing programs places an emphasis on strengthening partnerships with other departments in order to achieve the goals outlined in the State Plan. The Policy, Accountability and Compliance Branch will be responsible for conducting compliance reviews and audits of the new systems established by the local workforce investment areas. Due to this consolidation and new systems that will be implemented between other departments, from an oversight perspective, we view this as an opportunity to develop new collaborative methods for oversight to ensure that individuals with greatest needs succeed and California remains on track to having a high-quality workforce system.

### **TECHNICAL ADVANCEMENT**

Technology is changing exponentially and limited funding to allow us to incorporate technological advancements has posed challenges for the Policy, Accountability and Compliance Branch. Although technology is incorporated in our daily operations, we have been required to keep with the basics, incorporating limited technology in our current business model. Despite the challenges, the Branch is focused on exploring new and emerging technologies to the extent that the benefits outweigh the costs. Ultimately, the investigations, audits, reviews, and surveys we conduct will use innovative methods to analyze multiple types of data. Accordingly, our strategies will focus on identifying and pursuing areas posing the greatest risk to EDD funds with the objective to prevent and detect fraud, and ensure funds are adequately managed. Additionally, we are exploring cost-effective methods to conduct training within the Branch and for our partners.

## **STAFFING LEVELS**

Over the past four years, the Policy, Accountability and Compliance Branch has experienced a 36 percent reduction in staff due to budgetary constraints. Specifically in 2010, the Branch had funding for 182 personnel years; today, our funding can only support approximately 116 personnel years. This reduction has placed a strain on workload demands as we are faced with doing more with less.

As with every challenge, the Policy, Accountability and Compliance Branch views this as an opportunity to streamline processes, incorporate technological advancements and collaborate with our partners to identify projects posing the greatest risk of financial loss. We are also committed to investing in our future by achieving and maintaining a highly skilled workforce. This will require that we develop innovative methods to train and retain our employees such as mentoring programs and utilizing defined core competencies when preparing individual and leadership development plans.

## **STRATEGIC PARTNERSHIP**

The Policy, Accountability and Compliance Branch recognizes that there is a greater need to work collaboratively with our partners due to a reduction in resources, technological advancements, and complex fraud schemes. These collaboration efforts will help us identify and utilize additional tools that are in line with the 21<sup>st</sup> century advancements. These efforts will assist us in refining strategies to ensure risks to California's economy are mitigated to the extent possible. In addition, collaboration with our partners enhances communication efforts to ensure our external partners understand our business needs and can assist us in developing innovative strategies to effectively achieve EDD's mission.



# CONTROL AGENCIES, PARTNERS, AND STAKEHOLDERS



## INTRODUCTION

The Policy, Accountability and Compliance Branch interacts with a number of different organizations. The following list of organizations is not a comprehensive list, but is a list of those organizations that we routinely are engaged with on policy, legislative, or other matters. While we have identified the relationships with each entity as being a control agency, a partner, or a stakeholder, it is recognized that our relationship with these organizations may be different than the relationship that other branches have with these same organizations.

## CONTROL AGENCIES

- Governor's Office
- Labor and Workforce Development Agency
- Department of Finance
- State Controller's Office

## PARTNERS

- Bank of America
- Board of Equalization
- California Highway Patrol
- Contractors State Licensing Board
- County District Attorney's Office
- Department of General Services
- Department of Justice
- Department of Insurance
- Department of Industrial Relations
- Franchise Tax Board
- State Compensation Insurance Fund

## **PARTNERS CONTINUED**

- United States Department of Labor
  - ✓ Employment Training Agency
  - ✓ Office of Inspector General
- United States District Attorney's Office
- United States Postal Service
- United States Secret Service

## **STAKEHOLDERS**

- California Chamber of Commerce
- California Labor Federation, American Federation of Labor-Congress Industrial Organizations
- California Manufacturers and Technology Association
- California Rural Legal Assistance
- California State Assembly
- California State Auditor
- California State Senate
- California Taxpayers Association
- Equal Employment Opportunity Commission
- Legal Aid Society-Employment Law Center
- Little Hoover Commission
- National Employment Law Project

## BRANCH STRATEGIC GOALS



Policy, Accountability and Compliance Branch			EDD
Goal	Initiative	Strategic Outcome	Strategic Plan Goals
<b>Goal One: Leverage technology to meet workload demands</b>	1. Implement the <i>Fraud Detection as a Service Contract</i>	Improve fraud detection in EDD programs	<ul style="list-style-type: none"> <li>• Enabling Innovation</li> <li>• Fiscal Stewardship</li> <li>• Responsible Service</li> <li>• Skilled Workforce</li> <li>• Sustainable Operations</li> </ul>
	2. Implement TeamMate software	Increase efficiency and productivity of audits and reviews	
	3. Maximize usage of the Adobe Connect software	Maximize video conferencing technology to provide and receive training	
<b>Goal Two: Enhance our fiscal integrity and oversight to protect state resources</b>	4. Maximize our partnerships and participation on key task forces	Ensure full participation on key task forces to enhance fiscal oversight	<ul style="list-style-type: none"> <li>• Fiscal Stewardship</li> <li>• Responsible Service</li> <li>• Skilled Workforce</li> <li>• Sustainable Operations</li> </ul>
	5. Strategically allocate staffing resources using "risk-based" approach and assess the Branch's organizational needs	Assign staff to perform functions to reduce the greatest risk of financial loss	

Policy, Accountability and Compliance Branch			EDD
Goal	Initiative	Strategic Outcome	Strategic Plan Goals
<b>Goal Three: Achieve and maintain a highly skilled workforce</b>	6. Include core competencies as part of the Individual Development Plan	Enhance the functionality of the Individual Development Plan	<ul style="list-style-type: none"> <li>• Responsible Service</li> <li>• Skilled Workforce</li> </ul>
	7. Maintain a mentoring and field training officer program	Ensure new investigators and auditors receive the training to be able to investigate complex cases	
	8. Ensure development plans are completed for all managers and staff	Improve organizational and individual performance	
	9. Develop a Managers' Guidebook for Handling Allegations and Complaints	Enhance organizational and managerial performance	

## BRANCH STRATEGIC INITIATIVES



### INTRODUCTION

This section describes the Policy, Accountability and Compliance Branch's nine key strategic initiatives to achieve our three strategic goals. As with any five-year plan, as new challenges are encountered, new initiatives will be identified. This strategic plan is considered to be a "living document" which means it will be updated and modified when needed.

### GOAL ONE: LEVERAGE TECHNOLOGY TO MEET WORKLOAD DEMANDS

#### KEY STRATEGIC INITIATIVES:

1. Implement the *Fraud Detection as a Service* contract in 2015. This service analyzes Unemployment Insurance claim, claimant, and employer data against a variety of other publicly available data that identifies, predicts, and allows the Department to prevent improper Unemployment Insurance payments. This will provide a greater ability to prevent and detect fraud that allows Investigation Division staff to focus their efforts on cases that have a high probability of fraud rather than allegations of fraud that end up having no merit.
2. Implement TeamMate software in 2015. This software will provide auditors with a tool to organize and maintain working files in a more efficient and consistent manner. Implementing this software will help the auditors complete audits in a more cost-effective and time-saving manner.
3. Maximize Usage of the Adobe Connect software beginning in 2015. This software provides a conferencing platform for the Internet. It allows the Policy, Accountability and Compliance Branch staff to provide training to our partners in a cost-effective way that replaces in-person training. By using this software, training can be deployed anytime without the cost or time to travel to distant locations.

## **GOAL TWO: ENHANCE OUR FISCAL INTEGRITY AND OVERSIGHT TO PROTECT STATE RESOURCES**

### **KEY STRATEGIC INITIATIVES:**

4. Maximize our partnerships and participation on key task forces - Ongoing. The Investigation Division participates on a number of multi-agency task forces, as well as, works collaboratively with other State, federal, and local agencies. These task forces share information and leverage staffing resources to collectively combat the underground economy. The Investigation Division will make a concerted effort to ensure full participation on these task forces and to maximize our existing partnerships to prevent, detect, and deter fraud against EDD's programs.
5. Strategically allocate staffing resources using a "risk-based" approach and assess the Branch's organizational needs - Ongoing. The Policy, Accountability and Compliance Branch has experienced a significant staffing reduction over the past four years due to budgetary reductions. In 2010, this Branch had funding for 182 personnel years. Today, our funding can only support approximately 116 personnel years, which equates to a 36 percent reduction in staff. Consequently, the Branch does not have the resources to conduct as many audits, investigations, and research projects as we once did. This initiative uses a risk-based approach to allocate our limited staffing resources. Audits, investigations, and other projects where there is greater risk of financial loss if the work is postponed will be given a higher priority in terms of staffing allocations. The Branch will also review its organizational structure to determine if changes are needed to support the new staffing assignments.

## **GOAL THREE: ACHIEVE AND MAINTAIN A HIGHLY SKILLED WORKFORCE**

### **KEY STRATEGIC INITIATIVES:**

6. Include core competencies as part of the Individual Development Plans beginning in 2015. Individuals in each job classification must have a specific skill set in order to achieve and maintain a highly skilled workforce. This is referred to as the core competencies needed to properly perform the functions of the employee's assigned job. The Policy, Accountability and Compliance Branch will include core competencies as part of the Individual Development Plan process that will assist in determining future training and development needs of our staff. By including core competencies the Branch can better target training resources needed to achieve a highly skilled workforce.



7. Maintain a mentoring and field training officer program for new investigators and auditors - Ongoing. The Investigation Division maintains a mentoring and field training officer program for new investigators. With budgetary reductions, this program is often viewed as discretionary or non-mission critical. However, when staffing resources are limited, maintaining a highly skilled and competent workforce is even more essential. This initiative will focus on maintaining the mentoring and field training officer program even during difficult budget situations by redirecting staff, consolidating resources, or eliminating other discretionary services.
8. Ensure Individual Development Plans and Leadership Competency Development Plans are completed for all Policy, Accountability and Compliance Branch staff beginning in 2015. Individual Development Plans and Leadership Competency Development Plans are an essential tool for achieving a highly skilled workforce. These tools discuss critical job requirements and responsibilities, outline knowledge and skills needed to perform work, and define individual job satisfaction that helps improve organizational and individual performance. The Policy, Accountability and Compliance Branch will be committed to ensuring that all staff – managers, supervisors, and program staff complete the appropriate plan on an annual basis.
9. Develop a Managers' Guidebook for Handling Allegations and Complaints in 2015. The Investigation Division will capture the best practices used in handling allegations and complaints to develop a guidebook that is designed to transfer knowledge to EDD managers and supervisors. This initiative will focus on mentoring and coaching managers and supervisors to promote statewide consistency, a highly skilled workforce, and a better working environment. The Investigation Division will work in partnership with EDD's Legal Office, Human Resource Services Division, Labor Relations Office, and Equal Employment Opportunity Office.